

Agenda Item: 11
Meeting Date: May 13, 2004

California Bay-Delta Public Advisory Committee

CALFED Water Quality Program

Summary: Report by the Department of Health Services on the status of implementation of Proposition 50, Chapters 3 and 4, and portions of Chapter 6.

Recommended Action: This is an informational item only. No action will be taken.

Background

Proposition 50, The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002, (Water Code §79500, et seq.) was passed by the voters of California in the general election of November 5, 2002.

The Department of Health Services (DHS) is responsible for implementing Water Code §79520 (Chapter 3 - Water Security) and Water Code §79530 (Chapter 4 - Safe Drinking Water). DHS, once an Interagency Agreement with the Department of Water Resources is in place, will also be responsible for implementing Water Code §79545 (Chapter 6 – Contaminant and Salt Removal Technologies) subsections (b) and (c). These subsections address drinking water contaminant removal and disinfection technologies, respectively.

Some aspects of Proposition 50 were clarified by Assembly Bill 1747 (Chapter 240, Statutes of 2003) and SB 1049 (Chapter 741, Statutes of 2003), which were signed into law by the Governor on August 13, 2003 and October 9, 2003 respectively, both taking effect immediately. AB 1747 and SB 1049 include requirements that apply to DHS implementation of Proposition 50.

Grant Program Descriptions

Chapter 3: Water Security

These funds may be used for monitoring and early warning systems, fencing, protective structures, contamination treatment facilities, emergency interconnections, communications systems, and other projects designed to prevent damage to water treatment, distribution, and supply facilities, to prevent disruption of drinking water deliveries, and to protect drinking water supplies from intentional contamination. (\$50 million)

Chapter 4: Safe Drinking Water

Chapter 4 includes 6 grant programs:

- Infrastructure Grant Program #1: Grants to small community water systems (SCWS) (<1,000 service connections or <3,300 persons) to upgrade monitoring, treatment, or distribution infrastructure. (\$14 million)
- Infrastructure Grant Program #2: Grants to finance development and demonstration of new treatment and related facilities for water contaminant removal and treatment. (\$14 million)
- Infrastructure Grant Program #3: Grants for community water system water quality monitoring facilities and equipment. (\$14 million)
- Infrastructure Grant Program #4: Grants for drinking water source protection. (\$14 million)
- Infrastructure Grant Program #5: Grants for treatment facilities necessary to meet disinfection byproduct (DBP) safe drinking water standards. (\$14 million)
- Southern California Projects: Grants to Southern California water agencies to assist in meeting the state's commitment to reduce Colorado River water use to 4.4 million acre-feet (MAF) per year. (~\$260 million)
- Drinking Water State Revolving Loan Fund: State match for obtaining Federal SRF monies (\$90 million)

Chapter 6: Contaminant and Salt Removal Technologies

DHS, through an interagency agreement with DWR, will be implementing two grant programs under Chapter 6:

- 6(b): Grants for pilot and demonstration projects for contaminant removal. (\$25 million)
- 6(c): Grants for ultraviolet light (UV) and ozone disinfection projects. (\$25 million)

Status of Criteria Development

The criteria for Chapters 3 and 4 have been submitted for approval within the Department of Health Services. Approval of the criteria is expected soon.

Chapter 6 (b) and (c) criteria are being finalized by DHS. Implementation will be contingent upon completion of an Interagency Agreement with DWR.

Priority ranking procedures for Southern California projects were revised to consider health risk, population, volume of Colorado River demand reduced, and cost per volume of demand reduced.

Criteria were established for determining projects eligible for funds set aside for disadvantaged communities. Criteria were established for awarding bonus points to projects serving disadvantaged communities based on median household income and physical consolidation.

Pre-applications for Chapters 3 and 4 will be released to public water systems in late summer or early fall 2004, depending upon the approval date of the criteria. Pre-applications will be due 60 days after release. Projects will be selected and invited to apply for funding in mid-2005.

Pre-applications for Chapter 6 (b) and (c) will be released after the criteria have been approved.

DHS is proceeding with the hiring of Prop 50 administrative staff for the Sacramento headquarters office. Difficulties have been encountered in hiring Prop 50 engineering staff for field offices. Hiring for Chapter 6 (b) and (c) requires a budget change proposal (BCP).

Water systems will be asked to specify on the pre-application forms if the proposed project is located within the CALFED solution area.

List of Attachments

Attachment 1 – Proposed Timeline

Contact

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DHS Proposed Prop 50 Funding Process
 Draft
 February 17, 2004

	Task	Estimated Time
1	DHS announces Requests for Pre-Applications	-----
2	Applicants submit Pre-Applications	2 months
3	DHS reviews and ranks projects and develops Draft Project Priority List (PPL)	3 months
4	Public comment on Draft PPL	45 days
5	DHS revises Draft PPL as necessary and publishes Final Project Priority List	1 month
6	DHS determines fundable portion of Final PPL, and invites full applications from applicants in the fundable portion of Final PPL	1 month
7	Applicants submit full applications to DHS (including detailed budget and technical information)	Up to 9 months
8	DHS reviews applications and determines if complete	1 months
9	DHS, if the application is deemed complete, prepares technical report and issues letter of commitment, which reserves the funding. Letter of commitment specifies requirements to be met before the funding agreement can be executed. (All expenses incurred after this point are eligible for funding.)	8 months
10	Applicant completes letter of commitment requirements including CEQA and plans and specifications.	Up to 1 year (time extensions up to 1 more year if necessary)
11	DHS submits recommendations and requirements for funding agreement to DWR (fiscal agent for DHS)	2 months
12	DWR and Applicant execute funding agreement.	4 months
13	Applicant begins construction.	Within 1 year of funding agreement
14	Applicant completes construction.	Within 3 years of funding agreement